

ID: CCA_2009041010321937

Number: **200922044**

Office:

Release Date: 5/29/2009

UILC: 6231.03-00

From:

Sent: Friday, April 10, 2009 10:32:20 AM

To:

Cc:

Subject: RE: TEFRA Question

This looks like a pure partnership item to me. The likely-hood of collection on any portion of the partnership's long term contract and, thus, the amount that can be claimed as a loss, would be determined at the partnership level and would apply equally to the partnership and both partners. I don't see anything unique to the C corp partner in computing the deduction. Under subtitle A of the Code, the partnership would have to determine the loss in completing its partnership return and filling out the partner's Schedule K-1. If the partner claimed the entire deduction for tax purposes on its Form 1120, rather than limiting it to its GAAP estimate which is lower than the partnership's deduction, we would have to open a TEFRA proceeding to disallow any portion of the loss.